

## Message Text

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PAGE 01 KINSHA 05483 300843Z  
ACTION AF-10

INFO OCT-01 ISO-00 EB-08 TRSE-00 AGRE-00 COME-00 AID-05  
CIAE-00 INR-10 NSAE-00 /034 W  
-----011086 300849Z /20  
R 300800Z MAY 78  
FM AMEMBASSY KINSHASA  
TO SECSTATE WASHDC 047

UNCLAS KINSHASA 5483

E.O. 11652: N/A  
TAGS: BDIS, CG  
SUBJECT: TRADE COMPLAINT - UNIVERSAL LEAF TOBACCO

REF: 77 STATE 295993

1. TABAZAIRE HAS TAKEN OVER THE OPERATION OF ED LAURENS LE KHEDIVE AND INFO REGARDING DEBT OWED UNIVERSAL LEAF TOBACCO IS AVAILABLE FROM MR. DOPPAGNE, DIRECTEUR FINANCIER, TABAZAIRE, B. P. 176, KINSHASA 1; TELEPHONE 24373. ACCORDING TO DOPPAGNE, TABAZAIRE HAS ALREADY MADE PARTIAL PROVISION IN ZAIRES TO PAY THIS DEBT, AND IS READY TO MAKE THE BALANCE OF THE ZAIRES AVAILABLE AS SOON AS COMMERCIAL BANKS HANDLING MATTER INDICATE THAT THEY HAVE FOREIGN EXCHANGE AVAILABLE TO MAKE TRANSFERS.

2. AT THIS POINT, THE ONLY SOURCE OF FOREIGN EXCHANGE TO MAKE TRANSFERS ON OVERDUE COMMERCIAL DEBT, AS WELL AS THE MEANS TO FINANCE THE MAJORITY OF NEW IMPORTS, ARE THE POOLS OF FOREIGN EXCHANGE HELD BY COMMERCIAL BANKS THROUGH THE FOREIGN EXCHANGE EARNINGS OF THEIR EXPORTER CLIENTS.

3. ACCORDING TO TABAZAIRE, THE DEBT AS OF THE BEGINNING OF JULY 1977 WAS \$845,234, OF WHICH THE BANQUE COMMERCIALE ZAIROISE (BCZ) HELD \$397,472 AND THE BANQUE DU PEUPLE \$447,762. BETWEEN JULY 11, 1977, AND MARCH 21, 1978, THE BCZ MADE THREE TRANSFERS TOTALLING \$176,226. THE BANQUE DUE PEUPLE, HOWEVER, HAS MADE NO

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PAYMENTS TO UNIVERSAL LEAF TOBACCO SINCE ABOUT OCTOBER 1976.

4. AS A RESULT OF THE EMBASSY'S NUMEROUS REPRESENTATIONS, TABAZAIRE HAS WRITTEN A STRONG LETTER TO THE BANQUE DU PEUPLE SUMMARIZING THE HISTORY OF THIS DEBT AND DEMANDING THAT THE BANK SHOW THE SAME EFFORT DEMONSTRATED BY THE BCZ IN DISPOSING OF IT. A COPY OF THE LETTER IS BEING FORWARDED BY POUCH.

5. THE MANAGER OF THE FOREIGN TRADE SECTION OF THE BANQUE DU PEUPLE, MR. VAN DE SIJPE, IS PREPARING A RECOMMENDATION FOR THE APPROVAL OF THE DIRECTOR OF THE BANQUE DU PEUPLE THAT AT LEAST PARTIAL PAYMENT BE MADE SOON ON THIS DEBT.

6. WE HAVE THEIR ATTENTION. HOWEVER, OFFICERS OF THE BANQUE DU PEUPLE ADMIT THAT THAT THE BANK HAS ADOPTED THE POLICY OF MAKING MOST OF ITS FOREIGN EXCHANGE AVAILABLE ONLY FOR NEW IMPORTS. ONLY WHEN EXTRAORDINARY PRESSURE IS APPLIED BY CLIENTS ARE PAYMENTS ON TRANSFERS ON OLD DEBTS SQUEEZED OUT.

7. IT IS SUGGESTED THAT UNIVERSAL LEAF TOBACCO CONTINUE THE PRESSURE DIRECTLY ON TABAZAIRE. HOWEVER, FOLLOWING THE INVASION OF SHABA AND THE INTERRUPTION OF ZAIRE'S COPPER EXPORTS, THE BANK WILL HAVE EVEN GREATER DEMANDS ON ITS FOREIGN EXCHANGE THAN IT HAS HAD IN THE PAST COUPLE OF YEARS.

8. MR. DOPPAGNE ALSO MENTIONED THAT HE WAS UNDER THE IMPRESSION THAT TABACOFINA, ANTWERP, THE COMPANY WHICH OWNS TABAZAIRE, HAD GUARANTEED PAYMENT ON THE SHIPMENTS IN QUESTION. DEPARTMENT MAY WISH TO CLARIFY THAT POINT WITH UNIVERSAL LEAF.

9. EMBASSY NOTES THAT UNIVERSAL LEAF HAS COMPUTED INTEREST ON THE OVERDUE PAYMENT INTO ITS FIGURE ON THE TOTAL DEBT. WHILE THE ZAIRIAN CENTRAL BANK HHAS NEVER STATED THAT IT WILL NOT PAY  
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INTEREST ON THESE OVERDUE ACCOUNTS, IT REQUIRES THAT THE BANKS HANDLING THE PAYMENTS SUBMIT APPLICATIONS TO TRANSFER THE INTEREST. TO DATE, ANY APPLICATIONS FOR THIS TYPE OF TRANSFER HAVE BEEN CONSISTENTLY DENIED.  
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**Decaption Date:** 20 Mar 2014  
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**Disposition Approved on Date:**  
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